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Total Number of Pages in This Submission

Application Number	09/902,359
Filing Date	July 10, 2001
First Named Inventor	Kranzley
Art Unit	3621
Examiner Name	Daniel L. Greene
Attorney Docket Number	AP33353 (070457.1041)

ENCLOSURES (Check all that apply)

<input checked="" type="checkbox"/> Fee Transmittal Form <input type="checkbox"/> Fee Attached <input type="checkbox"/> Amendment/Reply <input type="checkbox"/> After Final <input type="checkbox"/> Affidavits/declaration(s) <input type="checkbox"/> Extension of Time Request <input type="checkbox"/> Express Abandonment Request <input type="checkbox"/> Information Disclosure Statement <input type="checkbox"/> Certified Copy of Priority Document(s) <input type="checkbox"/> Reply to Missing Parts/ Incomplete Application <input type="checkbox"/> Reply to Missing Parts under 37 CFR 1.52 or 1.53	<input type="checkbox"/> Drawing(s) <input type="checkbox"/> Licensing-related Papers <input type="checkbox"/> Petition <input type="checkbox"/> Petition to Convert to a Provisional Application <input type="checkbox"/> Power of Attorney, Revocation <input type="checkbox"/> Change of Correspondence Address <input type="checkbox"/> Terminal Disclaimer <input type="checkbox"/> Request for Refund <input type="checkbox"/> CD, Number of CD(s) _____ <input type="checkbox"/> Landscape Table on CD Remarks	<input type="checkbox"/> After Allowance Communication to TC <input type="checkbox"/> Appeal Communication to Board of Appeals and Interferences <input checked="" type="checkbox"/> Appeal Communication to TC (Appeal Notice, Brief, Reply Brief) <input type="checkbox"/> Proprietary Information <input type="checkbox"/> Status Letter <input type="checkbox"/> Other Enclosure(s) (please identify below):
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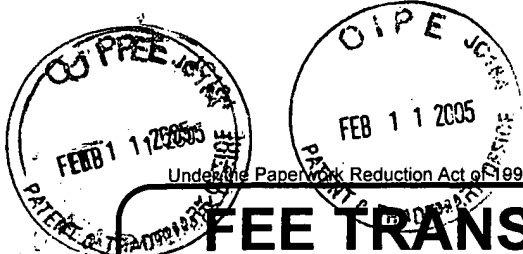
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AP/3621
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PTO/SB/17 (10-04)
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FEE TRANSMITTAL for FY 2005

Effective 10/01/2004. Patent fees are subject to annual revision.

☐ Applicant claims small entity status. See 37 CFR 1.27

TOTAL AMOUNT OF PAYMENT (\$) 500

Complete if Known

Application Number	09/902,359
Filing Date	July 10, 2001
First Named Inventor	Kranzley
Examiner Name	Daniel L. Greene
Art Unit	3621
Attorney Docket No.	AP33353 (070457.1041)

METHOD OF PAYMENT (check all that apply)

☐ Check ☐ Credit card ☐ Money Order ☐ Other ☐ None

☒ Deposit Account:

Deposit Account Number: 02-4377
Deposit Account Name: Baker Botts L.L.P.

The Director is authorized to: (check all that apply)

☐ Charge fee(s) indicated below ☒ Credit any overpayments

☒ Charge any additional fee(s) or any underpayment of fee(s)

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1. BASIC FILING FEE

Large Entity Fee Code	Small Entity Fee Code	Fee Description	Fee Paid
1001	2001	Utility filing fee	
1002	2002	Design filing fee	
1003	2003	Plant filing fee	
1004	2004	Reissue filing fee	
1005	2005	Provisional filing fee	
SUBTOTAL (1)			(\$) 0

2. EXTRA CLAIM FEES FOR UTILITY AND REISSUE

Total Claims: -20 = X = 0
Independent Claims: -3 = X = 0
Multiple Dependent: = 0

Large Entity Fee Code	Small Entity Fee Code	Fee Description
1202	2202	Claims in excess of 20
1201	2201	Independent claims in excess of 3
1203	2203	Multiple dependent claim, if not paid
1204	2204	** Reissue independent claims over original patent
1205	2205	** Reissue claims in excess of 20 and over original patent

SUBTOTAL (2) (\$) 0

**or number previously paid, if greater; For Reissues, see above

FEE CALCULATION (continued)

3. ADDITIONAL FEES

Large Entity Fee Code	Small Entity Fee Code	Fee Description	Fee Paid
1051	2051	Surcharge - late filing fee or oath	
1052	2052	Surcharge - late provisional filing fee or cover sheet	
1053	1053	Non-English specification	
1812	1812	For filing a request for ex parte reexamination	
1804	1804	Requesting publication of SIR prior to Examiner action	
1805	1805	Requesting publication of SIR after Examiner action	
1251	2251	Extension for reply within first month	
1252	2252	Extension for reply within second month	
1253	2253	Extension for reply within third month	
1254	2254	Extension for reply within fourth month	
1255	2255	Extension for reply within fifth month	
1401	2401	Notice of Appeal	
1402	2402	Filing a brief in support of an appeal	500
1403	2403	Request for oral hearing	
1451	1451	Petition to institute a public use proceeding	
1452	2452	Petition to revive - unavoidable	
1453	2453	Petition to revive - unintentional	
1501	2501	Utility issue fee (or reissue)	
1502	2502	Design issue fee	
1503	2503	Plant issue fee	
1460	1460	Petitions to the Commissioner	
1807	1807	Processing fee under 37 CFR 1.17(q)	
1806	1806	Submission of Information Disclosure Stmt	
8021	8021	Recording each patent assignment per property (times number of properties)	
1809	2809	Filing a submission after final rejection (37 CFR 1.129(a))	
1810	2810	For each additional invention to be examined (37 CFR 1.129(b))	
1801	2801	Request for Continued Examination (RCE)	
1802	1802	Request for expedited examination of a design application	

Other fee (specify)

*Reduced by Basic Filing Fee Paid

SUBTOTAL (3) (\$) 500

SUBMITTED BY		(Complete if applicable)	
Name (Print/Type)	Robert C. Scheinfeld	Registration No. (Attorney/Agent)	31,300
Signature		Telephone	212-408-2512
		Date	02/07/2005

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[AP33353 - 070457.1041]

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES**

Applicants : Kranzley, et al.
Serial No. : 09/902,359 Examiner : Daniel L. Greene
Filed : 07/10/2001 Group Art Unit: 3621
For : METHOD AND SYSTEM FOR CONDUCTING SECURE
ELECTRONIC COMMERCE TRANSACTIONS WITH
AUTHORIZATION REQUEST DATA LOOP-BACK

APPEAL BRIEF UNDER 37 C.F.R. §41.37

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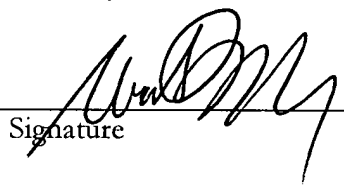
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Attorney Name

31,300

PTO Registration No


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February 7, 2005

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Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

This is an appeal pursuant to 35 U.S.C. § 134 from the Examiner's decision rejecting claims 1-5 of the above-referenced application.

02/14/2005 RFEKADU1 00000003 024377 09902359

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I. REAL PARTY IN INTEREST

The real party in interest is MasterCard International Incorporated, the assignee of the entire right, title, and interest in the present application.

II. RELATED APPEALS AND INTERFERENCES

None.

III. STATUS OF CLAIMS

Claims 1-5 stand rejected by the Examiner and are the subject of this appeal.

IV. STATUS OF AMENDMENTS

No amendments have been filed subsequent to the final rejection.

V. SUMMARY OF CLAIMED SUBJECT MATTER**A. Independent Claim 1**

Independent claim 1 is directed to a method for conducting a transaction of a certain amount over a communications network between parties including a consumer with a payment account number (PAN) and a merchant computer. (*See* Figure 2; and page 9, lns. 4-7). The PAN number is issued to the consumer by an issuer, which is a financial institution that establishes an account for the consumer, and that may also issue to the consumer a payment card. (*See* page 3, lns. 5-6). The method also involves a payment system that is accessible through a payment gateway, and that includes an issuer's computer and a merchant's acquirer computer. (*See* Figure 2; and page 9, lns. 7-9). The merchant's acquirer computer is operated by an acquirer, which is a financial institution that establishes an account with the merchant, and that processes authorizations and payments. (*See* page 3, lns. 10-17). The payment gateway is a device that processes merchant payment messages, including payment instructions. (*See id.*). The payment gateway is operated by either the acquirer or a designated third party. (*See id.*).

The method of claim 1 comprises generating a first message authorization request and forwarding it to the payment gateway. (*See* page 9, lns. 10-11; and page 16, lns. 27-28). The method further comprises authenticating the parties by the gateway and returning to the merchant's computer an automatic authorization approval without first obtaining authorization from the issuer. (*See* page 9, lns. 11-13; page 12, lns. 20-24; page 16, lns. 29-30; and page 17, lns. 1-6). Additionally, the method comprises generating, based upon the authentication and the automatic authorization approval, a second authorization request for authorizing the transaction using the PAN. (*See* page 9, lns. 11-13; and page 17, lns. 1-10). Furthermore, the method comprises forwarding the request, not to the payment gateway, but to the payment system. (*See id.*). Finally, the method comprises

authorizing or declining the second request at least based on the PAN and the amount of the transaction. (*See* page 9, lns. 11-13; and page 17, lns. 11-12).

B. Independent Claim 4

Independent claim 4 is directed to a method for conducting a transaction over a communications network between a consumer with a payment account number (PAN) issued by an issuer, and a merchant computer. (*See* Figure 2; and page 9, lns. 4-7). The method also involves the consumer having a consumer computer for conducting the transaction over the network with the merchant computer. (*See* Figure 2; and page 11, lns. 10-13). In addition, the method involves a payment gateway for accessing a payment system, the payment system including an acquirer computer associated with the merchant, and an issuer computer associated with the issuer. (*See* Figure 2; page 9, lns. 4-9; and page 12, lns. 4-7).

The method of claim 4 comprises generating, by the consumer's computer, a message authorization request. (*See* Figure 2; and page 11, ln. 21 - p. 12, ln. 2). The method further comprises packaging the message authorization request with a merchant's message authorization request (*see* page 12, lns. 4-7; and p. 16, lns. 27-28), and encrypting the merchant authorization request (*see id.*). In addition, the method comprises forwarding the encrypted merchant's authorization request to the payment gateway, decrypting, by the payment gateway, the merchant authorization request, and authenticating the consumer and the merchant. (*See* page 7, line 19 - page 8, line 3; and p. 16, lns. 27-30). The method also comprises returning a message with an automatic authorization approval and the consumer's encrypted PAN to the merchant's computer, but returning the message without first obtaining authorization through the payment system. (*See* page 12, lns. 20-24; and page 17, lns. 1-6). Furthermore, the method comprises opening the returned message to obtain the PAN, and forwarding a payment authorization request using the PAN to the

payment system. (*See* page 17 lns. 4-10). Finally, the method comprises providing, by said acquirer computer, an authorization or decline of the payment authorization request. (*See* page 17, lns. 11-12).

VI. GROUND OF REJECTION TO BE REVIEWED ON APPEAL

Claims 1-5 stand rejected under 35 U.S.C. § 103(a) as being allegedly unpatentable over U.S. Patent No. 6,327,578, to Linehan et al. ("Linehan"), in view of U.S. Patent No. 6,078,902 to Schenkler ("Schenkler").

VII. ARGUMENT

The Examiner has rejected claims 1 through 5 of the present application as being obvious over Linehan in view of Schenkler.

A. Argument for Independent Claim 1

Independent claim 1 requires, among other things, the step of “authenticating said parties by said gateway and returning to said merchant’s computer an automatic authorization approval *without first obtaining authorization from said issuer.*” (Emphasis supplied). Linehan does not disclose or suggest this limitation. Rather, in Linehan an authorization token is returned to the merchant’s computer only *after* the transaction has been authorized by the issuer computer.

In Linehan the consumer’s computer generates a message - which includes consumer identity and authentication information, the merchant’s digital signature, and the digital certificate of the acquiring bank - and sends this message to the issuer gateway. *See* Linehan, Col. 4, lns. 10-15. The issuer gateway then (i) verifies the merchant’s digital signature; (ii) validates both the merchant’s certificate and the acquirer’s certificate, (iii) verifies that the consumer’s account is active and sufficiently funded; (iv) pre-authorizes the payment using an authorization token; and (v) either sends the authorization token directly to the merchant, or sends it to the consumer who then forwards it to the merchant. *See* Linehan, Col. 4, lns. 15-47.

In sum, Linehan discloses that an authorization token is sent to the merchant only *after* the issuer has authorized the transaction. Linehan simply does not disclose or suggest the requirement of independent claim 1 that an authorization approval be returned to the merchant *without* first obtaining authorization from the issuer.

The Examiner, citing Col. 3, lns. 1-67 of Linehan, argues that Linehan discloses that “the payment gateway return[s] to the merchants computer approval without first obtaining authorization from the issuer.” *See* Final Office Action, 6/2/04, at p. 2. The Examiner, however, is

simply incorrect. In the portion of Linehan cited by the Examiner, a consumer's payment request is first forwarded to the acquirer gateway 106, and then passed by the acquirer gateway 106 to the issuer bank 112 for authorization. *See* Linehan, Col. 3, lns. 25-32. In Linehan, if the consumer's payment request is authorized by the issuing bank 112, the issuing bank 112 sends its authorization approval to the acquirer gateway 106. *See* Linehan, Col. 3, lns. 32-36. The acquirer gateway 106 then forwards the authorization approval to the merchant. *See id.* Neither the portion of Linehan cited by the Examiner, nor any other portion of Linehan for that matter, discloses or suggests that the authorization approval must be returned to the merchant's computer without first obtaining approval from the issuer, as required by independent claim 1.

Nor does Schenkler cure these deficiencies in Linehan. Schenkler discloses that an authorization approval is sent to the merchant only after the clearing office, which, according to Col. 9, lns. 17-25 of Schenkler, is the user's bank, *i.e.*, the issuer bank, has (i) verified the user's (*i.e.*, consumer's) identification code and password, and (ii) compared the balance of the user's "wallet" with the cost data to ensure that the user has sufficient funds to complete the transaction. *See* Schenkler, Col. 10, lns. 3-25. In Schenkler, once these authorization procedures have been completed by the clearing office – which is the issuer bank – a transaction validity code ("SC") is transmitted from the clearing office to the user. The SC "attests that the clearing office has affirmed the transaction." Schenkler at Col. 4, lns. 21-23. Only after this "cryptographic secured session between the user and clearing office" has been completed, does the user transfer the SC to the vendor. *Id.* at Col. 10, lns. 33-36.

Thus, Schenkler discloses that transmission of the authorization message to the vendor only *after* the issuer bank has authorized the transaction. Schenkler does not disclose the requirement of independent claim 1, that an authorization approval be returned to the merchant's computer without first obtaining approval from the issuer.

In an Advisory Action mailed October 13, 2004, the Examiner alleges that Figure 7 of Schenkler, and its corresponding description in the specification, disclose that “authorization approval be returned to the merchant’s computer by the payment gateway without first obtaining authorization from the issuer.” Again the Examiner is incorrect. Figure 7 of Schenkler illustrates the operation of a secured session between the *vendor* and the clearing office. *See* Schenkler, Col. 10, lns. 38-41. The secured session between the vendor and the clearing office takes place *after* the issuer (*i.e.* clearing office) has already transmitted to the user the SC authorizing the transaction, and the user has in turn transmitted the SC to the vendor. *See id.* at Col. 10, lns. 45-49. Thus, neither the portion of Schenkler cited by the Examiner, nor any other portion of Schenkler, cures the deficiencies of Linehan with respect to independent claim 1.

For at least these reasons, the combination of Linehan and Schenkler fails to disclose or suggest the limitation of independent claim 1, that an automatic authorization approval be sent to the merchant’s computer without first obtaining authorization from the issuer. The Examiner’s rejection of independent claim 1 should therefore be withdrawn.

B. Argument for Dependent Claims 2 and 3

Since claims 2 and 3 both depend from, and contain all of the limitations of, independent claim 1, claims 2 and 3 should be allowed for the same reasons that were previously set forth in connection with independent claim 1.

C. Argument for Independent Claim 4

Independent claim 4 requires, among other things, returning to the merchant’s computer a message with an automatic authorization approval without first obtaining authorization through the payment system.

The payment system of claim 4 includes an acquirer computer associated with the merchant and an issuer computer associated with the issuer. As stated above, Linehan discloses that

the authorization approval is first performed by the payment system (i.e., the issuer computer). In Schenkler, the authorization approval is generated by the clearing office (i.e., the issuer bank). Thus, for the same reasons set forth above in connection with claim 1, Linehan, alone or in combination with Schenkler, fails to disclose or suggest that the authorization approval is sent to the merchant computer by the payment gateway without first obtaining authorization from the payment system, as required by independent claim 4.


D. Argument for Dependent Claims 5

Since claim 5 depends from, and contains all of the limitations of, independent claim 4, claim 5 should be allowed for the same reasons that were previously set forth in connection with independent claim 4.

Respectfully submitted,

Dated:

By:


Robert C. Scheinfeld
PTO Reg. No. 31,300

Attorney for Appellants
Baker Botts L.L.P.
30 Rockefeller Plaza
New York, NY 10112
Telephone: (212) 408-2512

VII. CLAIMS APPENDIX

1. A method for conducting a transaction of a certain amount over a communications network between parties to a transaction including a consumer with a payment account number (PAN) and a merchant computer, said number being issued by an issuer, and involving a payment system including a merchant's acquirer computer and an issuer computer associated with said issuer, said payment system being accessible through a payment gateway, said method comprising:

generating a first message authorization request and forwarding said request to said payment gateway;

authenticating said parties by said gateway and returning to said merchant's computer an automatic authorization approval without first obtaining authorization from said issuer;

based upon said authentication and said automatic authorization approval, generating a second authorization request for authorizing said transaction using said PAN;

forwarding said request not to said payment gateway but to said payment system; and

authorizing or declining said second request at least based on said PAN and said amount of said transaction.

2. The method of claim 1 wherein said first message authorization request is formatted in compliance with a first certain protocol and said second authorization request is formatted by said merchant computer in compliance with a second certain protocol.

3. The method of claim 2 wherein said first certain protocol is a SET protocol and the second certain protocol is a SSL protocol; and wherein said payment gateway is a SET payment gateway.

4. A method for conducting a transaction over a communications network between a consumer with a payment account number (PAN) issued by an issuer and a merchant computer, said consumer having a consumer computer for conducting the transaction over the network with said merchant computer, and including a payment gateway for accessing a payment system, said payment system including an acquirer computer associated with said merchant and an issuer computer associated with said issuer, the method comprising:

generating by said consumer's computer a message authorization request;
packaging said message authorization request with a merchant's message authorization request;
encrypting said merchant authorization request;
forwarding said encrypted merchant's authorization request to said payment gateway;
decrypting by said payment gateway said merchant authorization request and authenticating the consumer and the merchant;
returning a message to said merchant's computer with an automatic authorization approval and said consumer's encrypted PAN without first obtaining authorization through said payment system;
opening said returned message to obtain said PAN;
forwarding a payment authorization request using said PAN to said payment system;
and

providing by said acquirer computer an authorization or decline of said payment authorization request.

5. The method of claim 4 wherein said payment system is not accessed through said payment gateway.

IX. EVIDENCE APPENDIX

No evidence has been submitted pursuant to 37 C.F.R. §§ 1.130, 1.131, or 1.132, or entered by the Examiner.

X. RELATED PROCEEDINGS APPENDIX

None.